

Cash Reserve Fund Status

The Cash Reserve Fund was created in 1983 to provide a source of funds for temporary transfers to the State General Fund when balances were not sufficient to process expenditure transactions. The original balance in the Fund was accumulated through the imposition of an increase in the sales tax. The movement of monies between the Cash Reserve Fund and the General Fund for cash management purposes has been governed by a variety of legislation over the life of the Fund. Also, there have been several instances in which money was moved to and from the Cash Reserve Fund to accomplish policy initiatives that were not related to cash management.

The most recent legislative change to the operation of the Cash Reserve Fund occurred in 1996. This change provides for an annual, rather than quarterly, comparison of actual General Fund receipts to the certified projection of the Economic Forecasting Advisory Board. If actual receipts are found to be greater than the certified projection, a transfer in the amount of the difference is made from the General Fund to the Cash Reserve Fund. The most recent such transfer occurred in July of 2000 when approximately \$77.6 million was moved from the General Fund to the Cash Reserve Fund. The current estimate of the Economic Forecasting Advisory Board exceeds the certified forecast for FY 2000-01. If the actual receipts meet that estimate, a transfer of \$49.3 million will be made from the General Fund to the Cash Reserve Fund in July of 2001.

Current law provides for the transfer of \$35.0 million from the Cash Reserve Fund to the General Fund in FY 2001-02. The Governor is recommending a transfer of \$30.0 million from the Cash Reserve Fund to the General Fund in FY 2002-03. The Governor also recommends the transfer of \$20.4 million in FY 2001-02, \$14.2 million in FY 2002-03, and \$11.1 million in the following biennium from the Cash Reserve Fund to the Nebraska Capital Construction Fund to finance the one-time appropriations necessary to reaffirm existing capital construction projects and finance recommended new one-time capital construction projects. The projected unobligated ending balance of the Cash Reserve Fund for the 2001-03 biennium would be \$119.9 million; for the following biennium it would be \$108.9 million.

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Status Items	Current Fiscal Year	Next Biennium		Following Biennium
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-05
Beginning Balance	142,159,429	170,236,099	163,741,205	119,940,036
Deposits:				
Excess FY99/00 Revenue	77,576,670			
Excess FY00/01 Revenue		49,298,587		
Transfers:				
LB 881 - Property Tax Relief Payment Fund	(25,000,000)			
LB 880 - Securities Fund via General Fund	3,500,000			
LB 63 - General Fund	(28,000,000)			
LB 881 - General Fund		(35,000,000)		
New Legislation - General Fund			(30,000,000)	
Municipal Natural Gas Revolving Loan Fund		(370,000)	370,000	
Nebraska Capital Construction Fund		(20,423,481)	(14,171,169)	(11,061,508)
Ending Balance	170,236,099	163,741,205	119,940,036	108,878,528